

## Stimulus Payments: Answers to Frequently Asked Questions

*Updated Feb. 22, 2008*

Under the Economic Stimulus Act of 2008, more than 130 million American households will receive economic stimulus payments beginning in May. The only way to get one this year is to file a federal tax return for 2007. This filing requirement also applies to some people who do not normally file, including many low-income people and recipients of Social Security, certain benefits received from the Department of Veterans Affairs and certain Railroad Retirement benefits.

### Basic Eligibility

#### **Q. What do I need to do to get an economic stimulus payment?**

A. All you need to do is file a federal income tax return for 2007. Even if you are not otherwise required to file a tax return, you must file a 2007 return in order to receive a payment this year. Although some filers, such as high-income filers, will not qualify for a stimulus payment, most will.

In most cases, you will fill out your return, reporting all your income, deductions and credits as you normally would. But even if you are not required to file, you must file a 2007 return to get a stimulus payment this year. Low-income workers, Social Security beneficiaries, certain railroad retirees and those who receive certain benefits from the Department of Veterans Affairs who normally don't file may receive a stimulus payment if they do. The IRS will provide special filing instructions for those who do not otherwise have a filing requirement. The instructions will explain which lines on the tax return the filers need to complete.

You do not need to calculate the amount of the stimulus payment. If you qualify, the IRS will automatically figure it and send it to you. The IRS will also send you a notice showing the amount of your payment. You do not need to call the IRS or fill out any other special forms.

#### **Q. How do I find out if I am eligible?**

A. Most people with a 2007 net income tax liability will qualify. This includes most people who get tax refunds. Net income tax liability is the amount shown on Form 1040, Line 57 plus the amount on Line 52. For [1040A](#) filers, it is the amount on Line 35 plus the amount on Line 32. For Form 1040EZ filers, it is the amount on Line 10.

Families with children under 17 generally will qualify for an additional payment. Some people with no tax liability also will qualify. This includes Social Security and Railroad Retirement beneficiaries, recipients of certain veterans' payments, low-income workers with earned income and/or benefits of at least \$3,000 and individuals who have combined income of at least \$3,000 from any combination of these sources.

Some higher-income taxpayers will not receive a stimulus payment or will receive a reduced payment.

#### **Q: I normally don't need to file a tax return. How do I know if I'm one of those people who may be eligible to receive an economic stimulus payment?**

A: This group includes some recipients of Social Security, Railroad Retirement or veterans' benefits as well as taxpayers who do not make enough money to normally have to file a 2007 tax return. For example, this can include low-income workers, those who receive Social Security benefits or veterans' disability compensation, pension or survivors' benefits from the Department of Veterans Affairs in 2007. These people will be eligible to receive a payment of \$300 (\$600 on a joint return) if they had at least \$3,000 of qualifying income.

Qualifying income includes Social Security benefits, certain Railroad Retirement benefits, certain veterans' benefits and earned income, such as income from wages, salaries, tips and self-employment. For people filing joint tax returns, only a total of \$3,000 of qualifying income from both spouses is required to be eligible for a payment.

**Q: I normally don't have to file a tax return but have enough in qualifying income to receive a stimulus payment. How do I find out more about how to file a tax return?**

More information is available in [Fact Sheet 2008-16](#). If you qualify, all you need to do is fill out Form 1040A in a few places. A [sample version of Form 1040A](#) illustrates which lines to fill out.

**Q. I want to estimate my payment. Please explain how it is figured.**

A. Essentially, there are two parts to the stimulus payment: a basic amount based on tax liability, filing status or other qualifying factors if there is no tax liability and an additional amount based on whether a qualifying child is reported on the return.

**Basic Amount of Payment:** Taxpayers who had a net income tax liability will receive a payment, unless they can be claimed as dependents on someone else's return, are high-income individuals or do not have a valid Social Security Number. The payment is equal to the taxpayer's net income tax liability, but no more than \$600 for a single person or \$1,200 for a married couple filing a joint return. The minimum payment is \$300 for a single person or \$600 for a married couple filing jointly.

People with no net income tax liability will usually get a minimum payment of \$300 for a single person or \$600 for a married couple filing jointly, as long as they have qualifying income of at least \$3,000. To figure your qualifying income, add together the following amounts:

- Wages that are reported on Form W-2.
- Net self-employment income.
- Social Security benefits reported in box 5 of the 2007 Form 1099-SSA, which would have been received in January 2008. People who do not have a Form 1099-SSA may estimate their annual Social Security benefit by taking their monthly benefit and multiplying it by the number of months during the year they received the benefit.
- Certain Railroad Retirement benefits reported in box 5 of the 2007 Form 1099-RRB, which recipients would have received in January 2008.
- Veterans' benefits received in 2007, including veterans' disability compensation and pension or survivors' benefits received from the Department of Veterans Affairs. People who weren't required to file a tax return can estimate their annual veterans' benefits by taking their monthly benefit and multiplying it by the number of months during the year they received the benefit.
- Nontaxable combat pay if the taxpayer elects to include it as earned income.

**Extra Money for Qualifying Child:** Eligible taxpayers who qualify for a payment may receive an additional \$300 for each qualifying child. To qualify a child must be under age 17.

**Phase Out:** The stimulus payment — both the basic component and the additional funds for qualifying children — begins to phase out for individuals with adjusted gross incomes (AGI) over \$75,000 and married couples who file a joint return with AGI over \$150,000. The combined payment is reduced by 5 percent of the income above the AGI thresholds.

Here are two examples of how the phase out works:

An individual with AGI of \$80,000 and federal income tax liability in excess of \$600 would

qualify for a basic rebate of \$600. Because this individual's AGI exceeds

## **Taxpayer Identification Numbers**

**Q. I file using an individual taxpayer identification number (ITIN). Can I still get a stimulus payment?**

A: No. The law does not allow stimulus payments to people who file a return using an ITIN. A taxpayer must have a valid Social Security Number to qualify for the stimulus payment. If married filing jointly, both taxpayers must have a valid Social Security Number. And children must have valid Social Security Numbers to be eligible as qualifying children.

**Q. I have an ITIN, but my spouse has a valid Social Security number. Can we get a payment?**

A. If you and your spouse file a joint return, you will not get a stimulus payment. If your spouse files a separate return, your spouse may qualify for a payment, based on his or her income deductions and credits.

**Q. If I have a valid Social Security Number and my child has an ITIN, do I get extra money for the child?**

A. No. To qualify for the extra credit for qualifying children, not only do the taxpayer and spouse, if filing jointly, need valid Social Security Numbers, but the qualifying child must also have a valid Social Security Number.

**Q. I adopted a child this year and my child has an ATIN (Adoption Taxpayer Identification Number). Will I receive the \$300 additional child payment?**

A. An ATIN is issued by the IRS as a temporary taxpayer identification number for the child. Adoptive parents who do not yet have a Social Security Number for their child will not get the advance payment. However, if they receive a Social Security Number for the child before the end of 2008, they can claim the additional child payment on their 2008 tax return.

## **When & How?**

**Q. When will I receive my stimulus payment?**

A. The Treasury Department will start sending out payments in early May.

**Q. Will my stimulus payment be included in my regular tax refund? Will the checks or direct deposits come at the same time?**

A. No and no. There will be two payments. You will receive one payment for your regular tax refund and later you will receive a separate stimulus payment.

**Q. I have moved since filing my 2007 tax return. How will my payment reach me?**

A. You should file a Form 8822 with the IRS and a change of address notice with the U.S. Postal Service. This will ensure your check is sent to your new address. Without your current address, the check could be returned to the IRS as undeliverable.

**Q. Can I have my stimulus payment direct deposited?**

A. Stimulus payments will be direct deposited for taxpayers who select that option when filing their 2007 tax returns. Taxpayers who already filed and requested direct deposit won't need to do anything else to receive the stimulus payment. Taxpayers who did not request direct deposit for their 2007 refund will receive a paper check by mail. The IRS reminds taxpayers who haven't filed their 2007 returns yet that direct deposit is the fastest way to get both regular refunds and stimulus payments.

**Q. If I'm not expecting a refund, should I still fill out the direct deposit line on my return so I can get my stimulus payment direct deposited?**

A. Yes. Even if you aren't due a refund on your tax return, filling out the bank routing information will allow for your stimulus payment to be direct deposited.

**Q. If I use direct deposit for my tax return refund and my bank account information later changes, what will happen when my stimulus payment goes out?**

A. Typically, the direct deposit will be rejected. After the IRS receives a rejection notice, the payment will be converted to a paper check and mailed to you.

**Q. Is there anything I can do to prevent my stimulus payment from being direct deposited if I have already filed a tax return and selected direct deposit?**

A. Generally, the answer is no. If you designated direct deposit on a tax return, then the stimulus payment will go to the account number you designated. If the account number is no longer active, the IRS will send you a paper check. If you do not want your stimulus payment to go to the account listed on your tax return, you should contact your financial institution to discuss possible options.

**Q. If my direct deposit goes to fund an Individual Retirement Account, what will happen if the deadline for my IRA has passed or the maximum amount has been funded?**

A. If you do not want your stimulus payment to go into the account listed on your tax return, you should contact your bank or financial institution to discuss possible options involving the account to either prevent the deposit from occurring or making sure the payment is routed to a non-IRA account.

**Q. If I apply my refund to my 2008 taxes, what happens to my stimulus payment?**

A. You will still receive a stimulus payment; it will not be applied to your 2008 taxes.

**Q. I chose direct debit to pay my tax bill. Will my stimulus payment be direct deposited to the same account?**

A. No. However, if you fill out the direct deposit information on your tax return, you can still get your stimulus payment direct deposited.

**Q. I used direct deposit to split my refund between several accounts when I filed my tax return. What will happen to my stimulus payment? Will it go to just one of the accounts?**

A. If you elected to split your refund between several accounts, you will not receive your stimulus payment by direct deposit. Instead, you will receive a paper check.

**Q. I want to choose direct deposit for my 2007 tax refund. Where do I find the "routing"**

**number required by the IRS?**

A. For a checking account, you can find the nine-digit routing number on the face of your check to the left of your account number. For other types of accounts you should obtain the routing number from the account provider. Make sure you double-check both the routing and account numbers when putting in your direct deposit request. Keep in mind that whichever account you choose for the direct deposit of your tax refund is the account into which the IRS will deposit your stimulus payment.

**Q. I chose direct deposit for my 2007 tax refund but also requested a Refund Anticipation Loan (RAL) from my preparer. How does that affect my stimulus payment?**

A. Taxpayers who use RALs or enter into any other loan or financial agreement with their tax professional cannot receive their stimulus payments by direct deposit and instead will get a paper check.

**Other Questions...**

**Q. If I live in Puerto Rico, the U.S. Virgin Islands, American Samoa, Guam or the Commonwealth of the Northern Mariana Islands, will I get a stimulus payment?**

A. In many cases, the answer is yes. But special rules in the law apply to these five U.S. territories (possessions). In general, the tax authorities in each possession will make stimulus payments to eligible residents. The law provides guidelines under which the Treasury Department will make payments to each possession for this purpose. People in these areas with questions about the economic stimulus payments should contact their local tax authority.

**Q. I have not yet filed my 2007 tax return. Can I still qualify for a stimulus payment in 2008?**

A. Yes, but you must file a 2007 tax return. The IRS encourages you to file a return even if your income is low or much of your income is tax-free. File your return, if possible, by the regular April 15 deadline. If you file after April 15, with or without a tax-filing extension, your payment will be delayed. If you qualify for a payment, you can insure that you get it by filing your return by Oct. 15, 2008.

**Q. My spouse and I have divorced and the stimulus payment check is made out to both of us. Can I cash it?**

A. If the check is made payable to both of you, then both must endorse the check. Even if you and your spouse are now divorced, both must sign the check. By law, each spouse is considered to receive half of the payment in cases where a joint 2007 return was filed.

If the filers chose to have their tax refund direct deposited, the stimulus payment will be direct deposited into the same account that received the tax refund.

**Q. Is my stimulus payment taxable?**

A. No. You will not owe tax on your payment when you file your 2008 federal income tax return. But you should keep a copy of the IRS letter you receive later this year listing the amount of your payment. In the event you do not qualify for the full amount this year but you do next year, you will need to have the letter as a record of the amount you previously received.

**Q. Will the payment I receive in 2008 reduce my 2008 refund or increase the amount I**

**owe for 2008?**

A. No, the stimulus payment will not reduce your refund or increase the amount you owe when you file your 2008 return.

**Q. I don't qualify for a stimulus payment based on my 2007 return. But my tax situation will be different in 2008. Will I qualify for any special benefit?**

A. Possibly. The 2008 tax instructions will include a worksheet to help those who did not qualify for a payment or those who received a reduced amount determine if they can obtain a benefit when they file their 2008 tax returns next year.

**Q. I'm eligible for a payment but I still owe federal income tax from a prior year. Will my payment be reduced?**

A. Yes. For this purpose, the stimulus payment is treated like any other tax refund. This means that part or all of your payment can be used to pay past-due federal or state income taxes or non-tax federal debt such as student loans and child support. If this occurs, you will receive a letter explaining how the stimulus payment was applied.